

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 AGR-05 PA-01 PRS-01 USIA-06

AID-05 CIAE-00 COME-00 EB-04 FRB-01 INR-05 NSAE-00

RSC-01 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-01

SIL-01 OMB-01 STR-01 H-01 NSC-05 /060 W

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P R 061552Z NOV 74

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC PRIORITY 2048

INFO AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY BUDAPEST

AMEMBASSY BUCHAREST

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMCONSUL KRAKOW

AMCONSUL POZNAN

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E.O. 11652: N/A

TAGS: BEXP, PL

SUBJECT: POLAND HALTS SUGAR EXPORTS

1. AN OFFICIAL SOURCE AT ROLIMPEX, THE FOREIGN TRADE ENTERPRISE CHARGED WITH EXPORT OF SUGAR AND OTHER AGRICULTURAL COMMODITIES, HAS CONFIRMED TO US THAT POLAND OFFICIALLY CEASED ALL EXPORT SALES OF REFINED SUGAR ON NOVEMBER 5. THE FIRST REPORTS OF THIS ACTION REACHED US THROUGH THE LOCAL REUTERS CORRESPONDENT, WHO HAS FILED THE STORY.

2. THE VOLUME OF POLISH SUGAR EXPORTS SAGGED BADLY OVER THE FIRST EIGHT MONTHS OF 1974, AND CONTINUING UNFAVORABLE WEATHER IS DELAYING COMPLETION OF THE SUGAR-BEET HARVEST. PRESS REPORTS OF NOVEMBER 6 POINT OUT THAT "SEVERAL TENS OF LIMITED OFFICIAL USE

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THOUSANDS OF HECTARES" (OF 470,000 HECTARES REPORTEDLY SOWN)

REMAIN TO BE HARVESTED. LOCAL OFFICIALS ARE BEING EMPOWERED TO ORGANIZE WORKER BRIGADES TO ASSIST IN THE HARVEST, BOTH ON FARMS IN THE SOCIALIZED SECTOR AND, IN SPECIAL CASES, ON PRIVATE FARMS. IN ACKNOWLEDGING THE CESSATION OF SUGAR-EXPORT SALES, THE ROLIMPEX REPRESENTATIVE ATTRIBUTED THE ACTION TO UNCERTAINTY ABOUT THE VOLUME OF THIS YEAR'S SUGAR PRODUCTION AND TO INSTABILITY IN WORLD SUGAR PRICES.

3. POLAND EXPORTED 377,319 METRIC TONS OF REFINED SUGAR IN 1973, OF WHICH 113,496 M/T WERE SOLD WITHIN CEMA. TOTAL EXPORT EARNINGS OF THE SUGAR INDUSTRY IN 1973 WERE \$93,271,171, OR 11.5 PERCENT OF THE VALUE OF TOTAL AGRICULTURAL EXPORTS. EXPORTS THROUGH AUGUST 1974 TOTALLED ONLY 93 THOUSAND M/T, AS COMPARED WITH SALES OF 187,000 M/T OVER THE SAME PERIOD IN 1973.

4. POLISH SUGAR PRODUCTION IN 1973 WAS 1.64 MILLION M/T, A LEVEL THAT WAS EXPECTED TO BE SURPASSED THIS YEAR, AS THE CROP APPEARED IN GOOD CONDITION BEFORE THE ONSET OF FALL RAINS. WE NOW ESTIMATE 1974 PRODUCTION AT 1.44 MILLION M/T.

5. COMMENT: THE STRINKINGLY LOW LEVEL OF POLISH SUGAR EXPORTS IN 1974, DESPITE A CROP OUTLOOK WHICH WAS FAVORABLE UNTIL OCTOBER, LEADS US TO BELIEVE THAT POLAND HAS BEEN HOLDING SUGAR OFF THE MARKET IN ANTICIPATION OF PRICE INCREASES. THE CURRENT HALT IN EXPORT SALES, ALTHOUGH UNDOUBTEDLY BASED IN PART UPON APPREHENSION ABOUT THE HARVEST, IS POSSIBLY A REFLECTION OF THE SAME STRATEGY. POLISH REFINED SUGAR EXPORTS WILL LIKELY DECLINE THIS YEAR, BUT GIVEN THE COUNTRY'S PRESSING HARD-CURRENCY NEEDS, EVERY EFFORT IS CERTAIN TO BE MADE TO MAXIMIZE FOREIGN-EXCHANGE RETURNS FROM THE CROP. END COMMENT.

6. FAS REPORT PL 4028 OF OCTOBER 15, 1974, CONTAINS A DETAILED DISCUSSION OF POLISH SUGAR HARVEST.
DAVIES

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 06 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974WARSAW06688
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740318-0908
From: WARSAW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741164/aaaaccqy.tel
Line Count: 97
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 21 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 MAY 2002 by elyme>; APPROVED <08 JUL 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POLAND HALTS SUGAR EXPORTS
TAGS: BEXP, PL
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005